

**Opening Statement of Chairman Tom Davis**  
**Legislative Hearing on H.R. 1837, The Services Acquisition Reform Act of 2003.**  
**“Better Training, Efficiency and Accountability:**  
**Services Acquisition Reform for the 21<sup>st</sup> Century”**

**Committee on Government Reform**  
**April 30, 2003 at 10:00 a.m.**  
**Room 2154, Rayburn House Office Building**

Good morning and welcome to today's legislative hearing on H.R. 1837, the Services Acquisition Reform Act of 2003 (SARA), that I recently introduced along with Chairman Duncan Hunter of the House Armed Services Committee. This hearing will build on hearings conducted last Congress on H.R. 3832, the Services Acquisition Reform Act of 2002, and on barriers government agencies face in acquiring the goods and services necessary to meet mission objectives. The goal of this hearing is to discuss ways to provide the federal government greater access to the commercial marketplace. The reforms of the early to mid-90s have resulted in significant streamlining, cost savings, access to technological advancements, and reduced procurement cycles, which have improved the quality of products and services purchased by the federal government. Unfortunately, the government is still not able to approach the best practices of industry, particularly regarding the acquisition of cutting edge information technology and management services.

Over the past decade, the growth of services acquisition both in terms of the percentage of the total tax dollars spent by the government and in raw numbers has been staggering. Each year our government spends well over \$200 billion buying goods and services. According to the General Accounting Office (GAO), in 2001, this constituted about 23 percent of the government's discretionary resources. In the same year, the government spent more than \$135 billion for services – an increase of about 24 percent since 1990 – establishing services as our largest single spending category.

The existing reforms were rooted in the late 80s and early 90s context of products and major systems and scarcely touched services acquisition. We are now faced with federal spending patterns that have undergone a vast change in a relatively short time. With the advent of the war against terror, the change will accelerate because of the critical need for the rapid acquisition of high tech services and management expertise. The new service-oriented, high technology environment has simply overwhelmed the current system. Right now we simply do not have the right people with the right tools and the right skills to manage the acquisition of the services and technology that the government so desperately needs. Difficulties in managing the government's acquisition system caused GAO to place acquisition management on its high-risk list.

The current system, improved though it may be, is simply inadequate to leverage the best and most innovative services and products our vigorous private-sector economy has to offer. It has not kept up with the dynamics of an economy that has over the last few years become increasingly service and technology oriented. Without change, the current system cannot support the President's vision, expressed in his Management Agenda of a government that is well run, results oriented, citizen centered, and market based.

SARA is targeted at the root causes of our current dilemma. SARA will put the tools needed to access the commercial service and technology market in the hands of a trained workforce that will have the discretion necessary to choose the best value for the government and be held accountable for those choices. SARA consists of a carefully crafted set of interrelated legislative proposals that will address the multiple deficiencies plaguing government acquisition today: (1) the lack of up-to-date comprehensive training for our acquisition professionals; (2) the inability of the current government structure to reflect business-like practices by integrating the acquisition function into the overall agency mission, and facilitating cross-agency acquisitions and information sharing; and (3) the lack of good tools and incentives to encourage the participation of the best commercial firms in the government market.

These proposals are grounded on the Services Acquisition Reform Act of 2002 from last Congress and the acquisition hearings I held last year as chairman of the Government Reform Subcommittee on Technology and Procurement Policy. We have made progress since then. The Congress has passed the Homeland Security Act and the E-Government Act. The Homeland Security Act contains some important procurement flexibilities, while the E-Government Act contains limited share-in-savings authority and cooperative purchasing authority to expand the General Services Administration schedules to state and local governments. Further, we have received the benefit of comments from a variety of sources on the original version of SARA. We have made a number of changes based on these experiences and comments.

The hearing this morning will help us focus the reform initiatives included in SARA to enable federal agencies to update management practices and develop a strategic approach for contracting for services. Clearly, recent events have shown that agencies must change how they do business in order to meet homeland security goals. SARA is intended to streamline procurement cycles and integrate agency mission goals with acquisition goals in order to help agencies meet the challenges presented by the war on terrorism.

I look forward to the testimony from our two panels of expert witnesses. As the legislation makes its way through the legislative process, we hope to tap the wisdom and knowledge of both the public and private sectors that is so well represented by today's witnesses.

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